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A concise easily digested periodic analysis based on scientific research in business fundamentals and trends .... Constantly measuring and reporting the basic economic factors responsible for changes in trends... Current Studies... Surveys... Forecasts

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THE OUTLOOK FOR RETAIL SALES

IT has been rather definitely established that the dollar volume of retail sales in the United States varies directly with the dollar volume of disposable income. Disposable income may be defined as personal income less personal taxes. Everything else being equal, retail sales will increase by approximately one percent for every one percent increase in disposable income.

There are periods, however, when this general principle does not work out exactly and, of course, it cannot be applied too rigidly in short periods of time. Disposable income in the month of December is generally little higher than it is in other months of the year, but retail sales in most lines are much higher and in some lines are more than double the monthly average sales of the year. For this reason practically all usable charts on retail sales are adjusted for seasonal.

Seasonal adjustment is an adjustment of the original dollar figures on the basis of the typical seasonal pattern. Seasonal adjustment is quite complicated if done well, but can never be exact due primarily to our irrational calendar. In two succeeding years the same months will quite frequently vary in the number of business days, in the number of Sundays and in the number of Saturdays. In addition, to complicate the problem still further, we have the roving date of Easter. If Easter comes at an early date, most of the Easter buying will be in the month of March. If Easter comes at a late date, most of the Easter buying will be in the month of April. It is almost impossible to find any even fairly accurate method of correcting for this shifting in the pre-Easter buying period but, clearly, it is unfair to compare the sales of women's clothes in April of one year in which the date of Easter was late to April of another year in which the date of Easter was early. Even the best correction for seasonal influences will still leave many humps and valleys which have a seasonal cause.

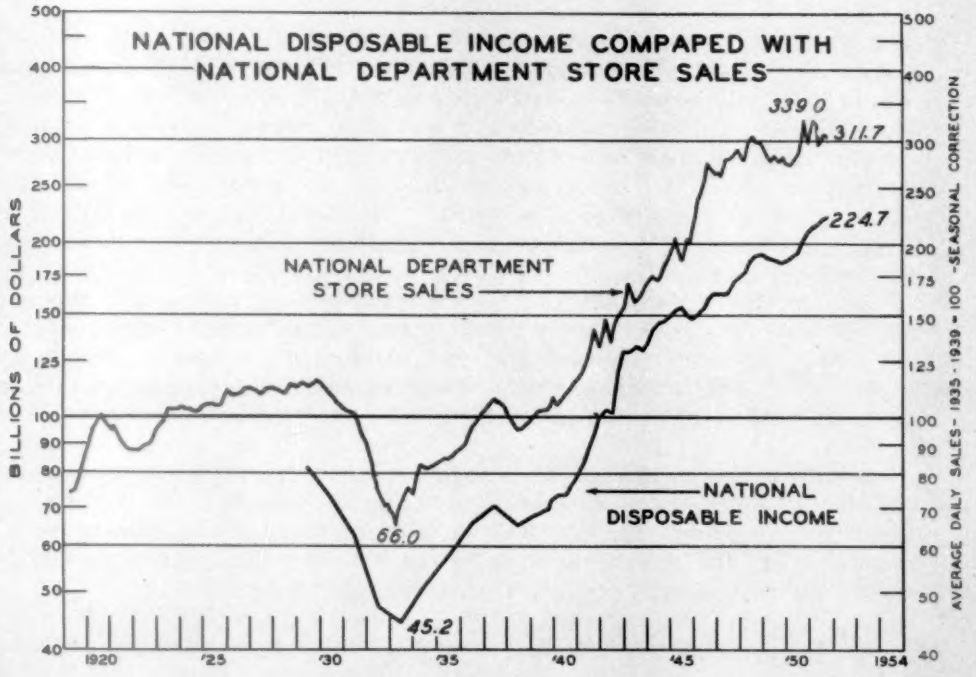
In spite of all the limitations of seasonal corrections, they do make possible a far better study of trends than is possible with uncorrected figures. The downward movement, for instance, in national department store sales in the latter part of 1950 (quite apparent in the chart at the bottom of the following page) would have been entirely concealed in uncorrected figures.

Psychological factors will also cause some variation in short periods between

the actual levels of retail sales and those which would be expected from the dollar amount of disposable income. If the general public becomes convinced that prices are going up or that shortages are developing, it will buy more than it would ordinarily purchase, drawing on savings and credit to expand its purchasing power. On the other hand, if the public becomes convinced that prices are going lower or that surpluses are developing, it will postpone its purchases, and during such a period the volume of savings will increase and the amount of time payment credit outstanding will decrease. The rise in department store sales on a seasonally corrected basis in the early part of last year was due primarily to expected shortages with higher prices due to the defense program. When many of these shortages did not develop and when prices did not rise as fast as the public had expected, the advance purchases in the spring and summer cut into retail volume in the months which followed.

Disposable income will be higher during the first half of 1952 than it was during the corresponding months of 1951 and, everything else being equal, we would normally expect a level of retail sales above the level of a year ago.

Department store sales indexes are generally considered one of the best indicators of general business health. Most published indicators of business are national and can be applied in only a general way to the measurement of business conditions in local communities. The charts on department store sales in 80 principal cities of the United States on pages 545 through 552 show graphically



INVENTORIES AND SALES

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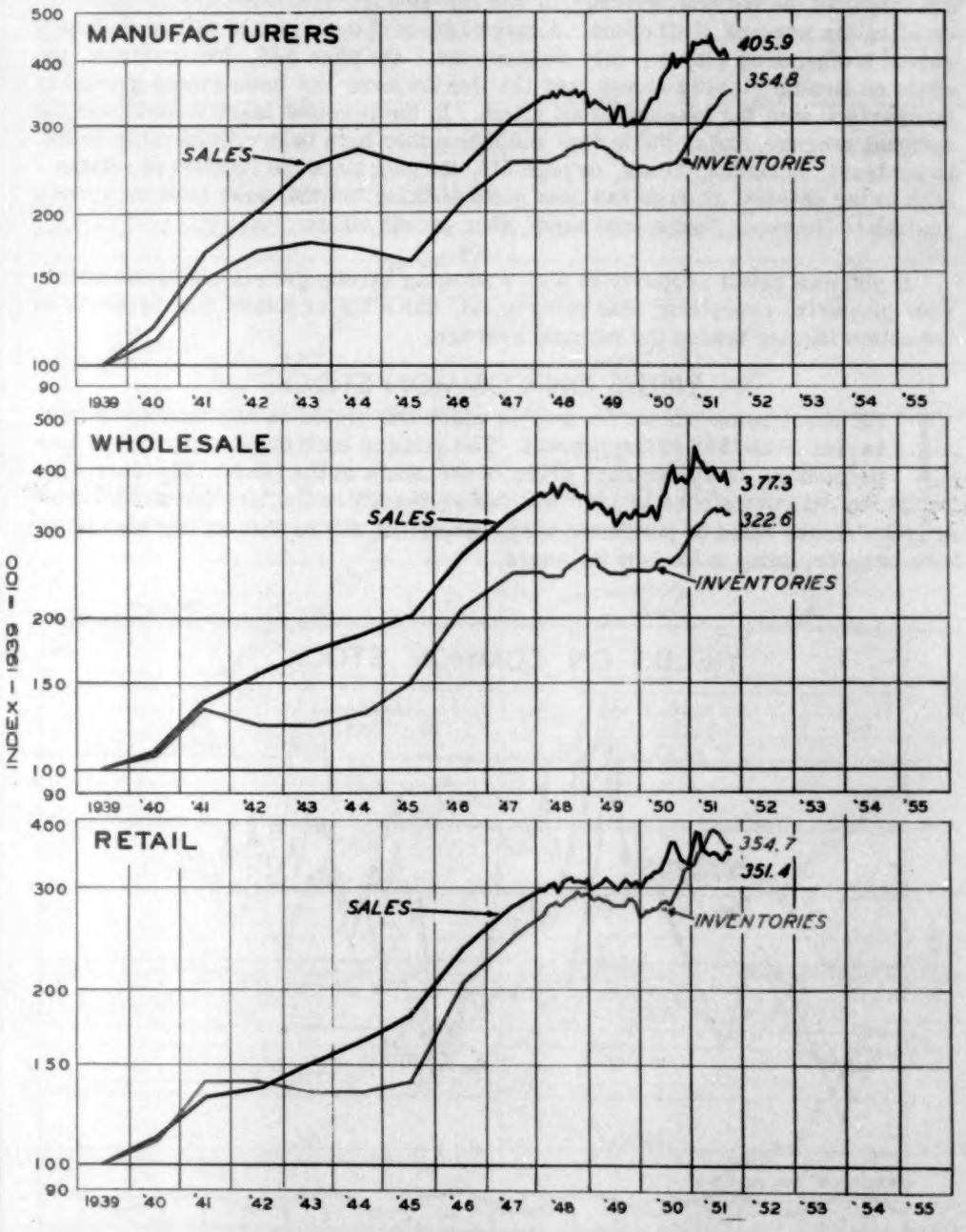
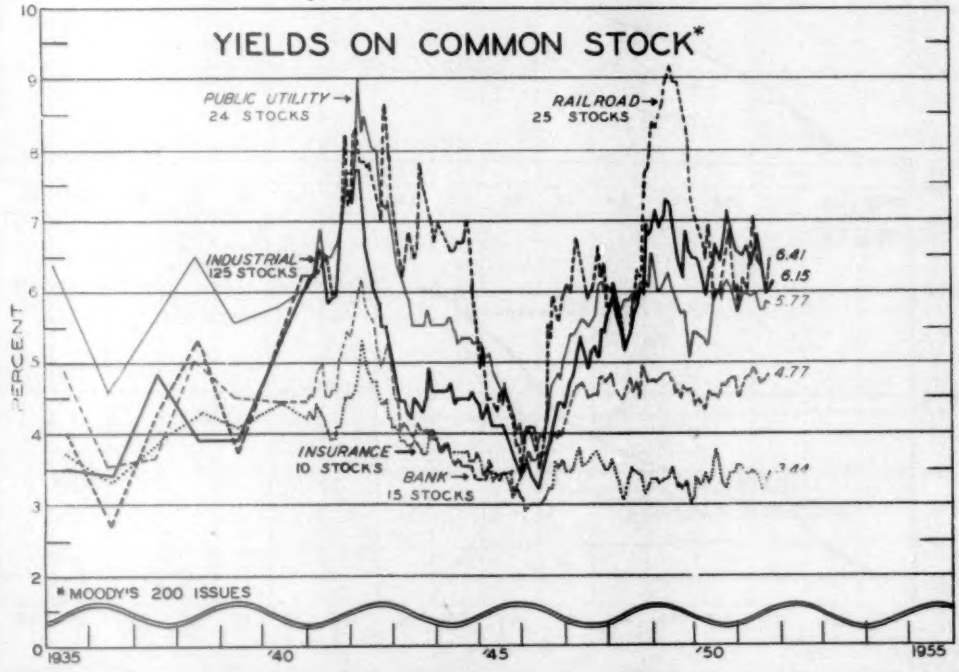


the retail situation in each of these metropolitan areas. In order to make the comparison easier between those cities which are showing a degree of prosperity greater than the national average, a red line is superimposed on each chart indicating the average of all cities. A careful study of these charts will immediately reveal tremendous city-by-city differences. On page 545, for instance, the chart on Boston clearly shows that the Boston area has been losing ground in comparison with the average of all cities. In the twenties sales were above the national average, but in the forties and fifties they have been considerably below. In contrast, in Dallas, Texas, on page 546, the gain since the twenties in relationship to the national average has been quite striking and the same relative picture applies to Houston, Texas, and many other growth cities.

If you own retail property in a city showing strong growth characteristics, your property, everything else being equal, has a better future than property in the cities lagging behind the national average.

YIELDS ON COMMON STOCK

THE chart below shows the way in which the yields on common stock have varied from 1935 to the present. The yield in each case is expressed as a percentage of the market price of the stock at the time. The very high return on railroad stocks in 1949 was due primarily to the fact that at that time railroad stocks could be purchased very cheaply. It will be noticed that the yields have been declining in the last few years.



DEPARTMENT STORE SALES IN PRINCIPAL CITIES

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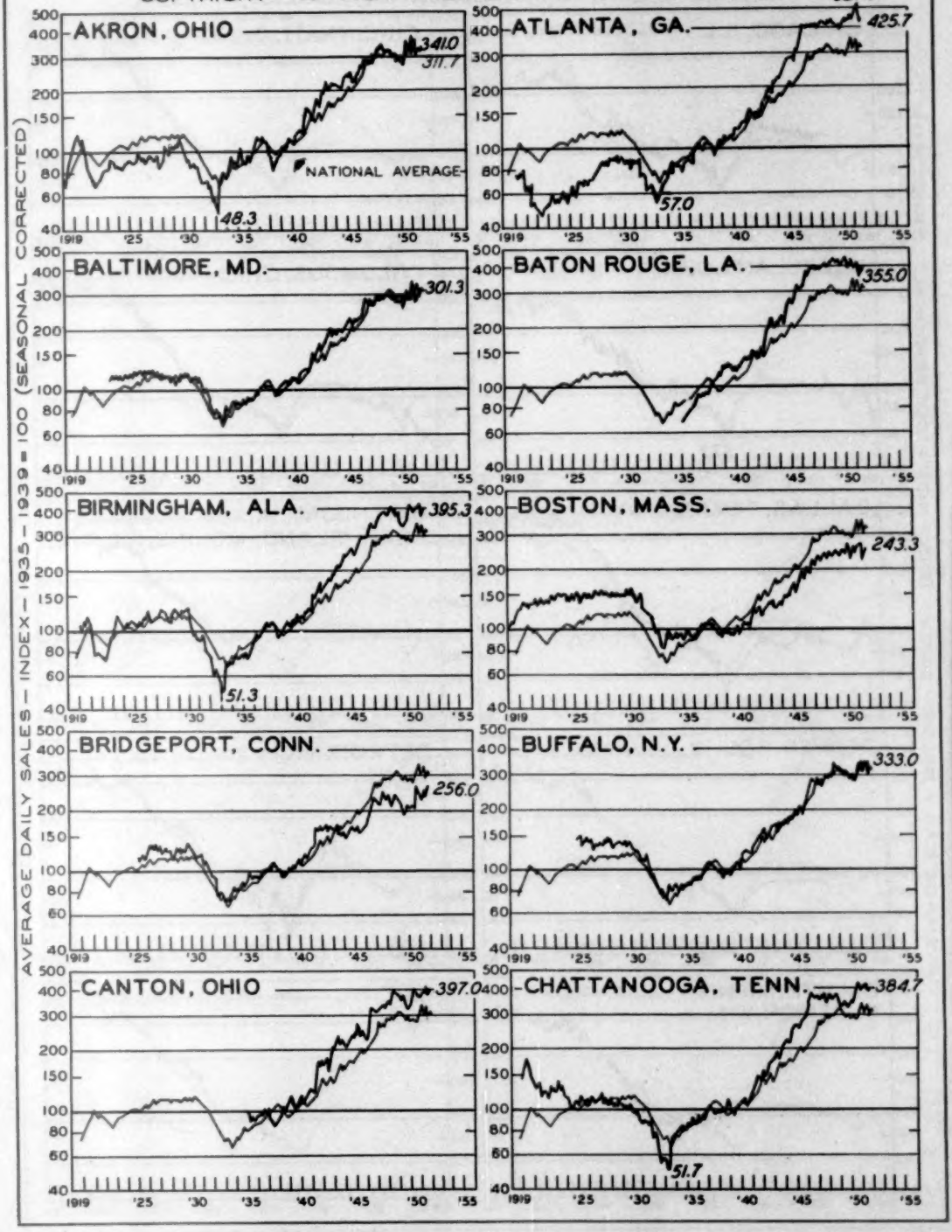
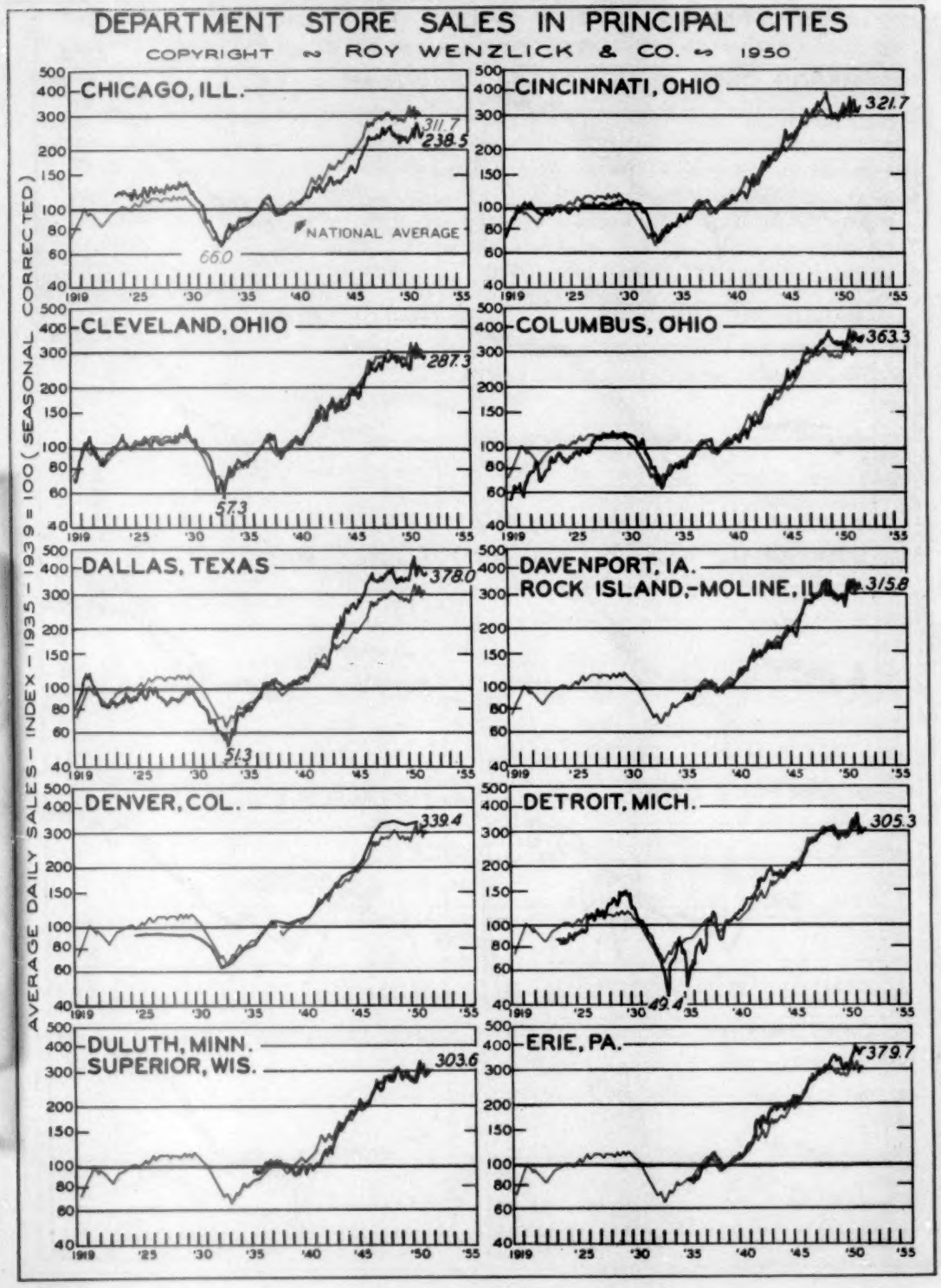
AVERAGE DAILY SALES — INDEX — 1935 – 1939 = 100 (SEASONAL CORRECTED)




DEPARTMENT STORE SALES IN PRINCIPAL CITIES
COPYRIGHT ∞ ROY WENZLICK & CO. ∞ 1950
AVERAGE DAILY SALES – INDEX – 1935 – 1939 = 100 (SEASONAL CORRECTED)
CHICAGO, ILL.
311.7
238.5
NATIONAL AVERAGE
66.0
CINCINNATI, OHIO
321.7
CLEVELAND, OHIO
287.3
57.3
COLUMBUS, OHIO
363.3
DALLAS, TEXAS
378.0
51.3
DAVENPORT, IA.
ROCK ISLAND,-MOLINE, ILL.
315.8
DENVER, COL.
339.4
DETROIT, MICH.
305.3
49.4
DULUTH, MINN.
SUPERIOR, WIS.
303.6
ERIE, PA.
379.7
1919 '25 '30 '35 '40 '45 '50 '55

DEPARTMENT STORE SALES IN PRINCIPAL CITIES

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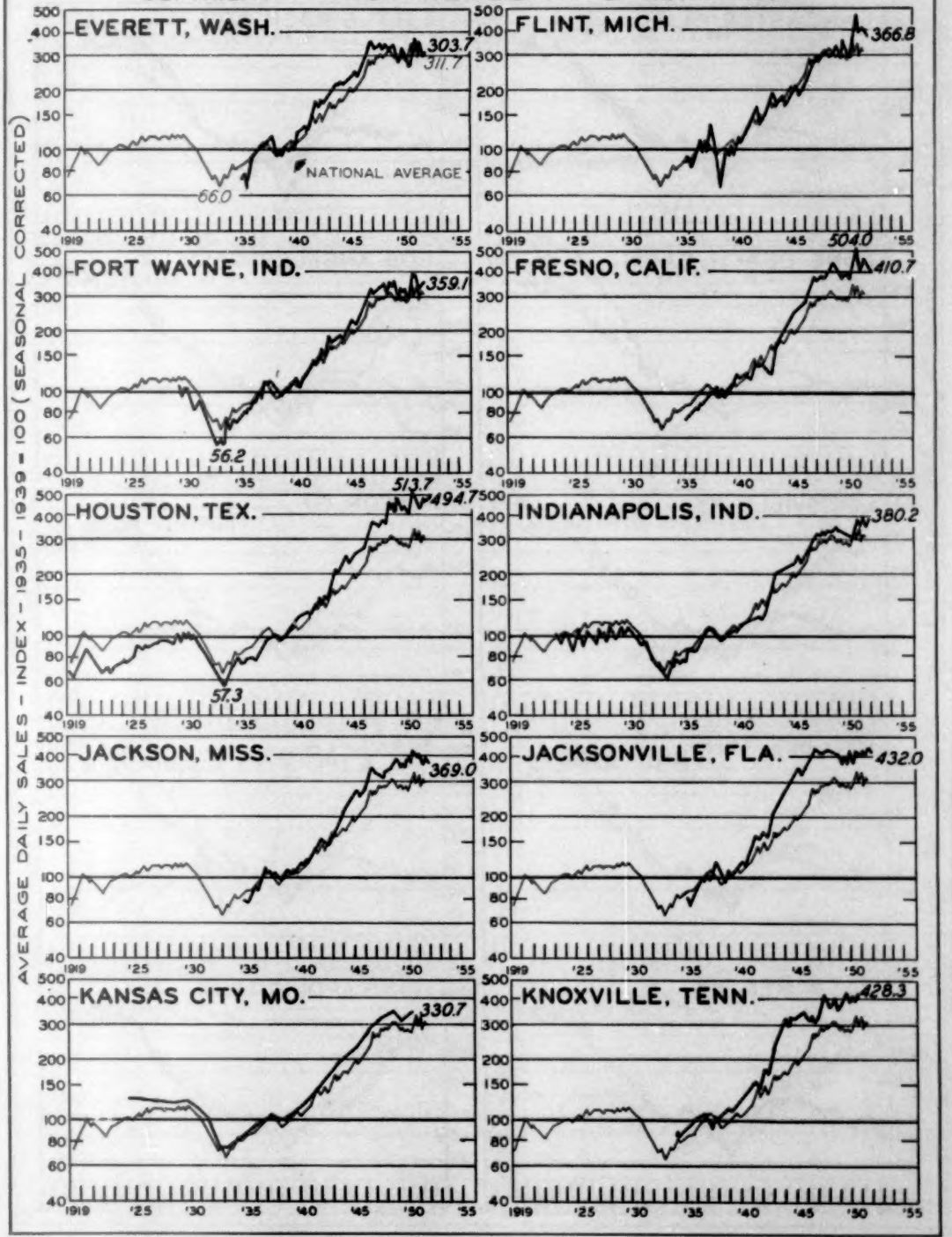

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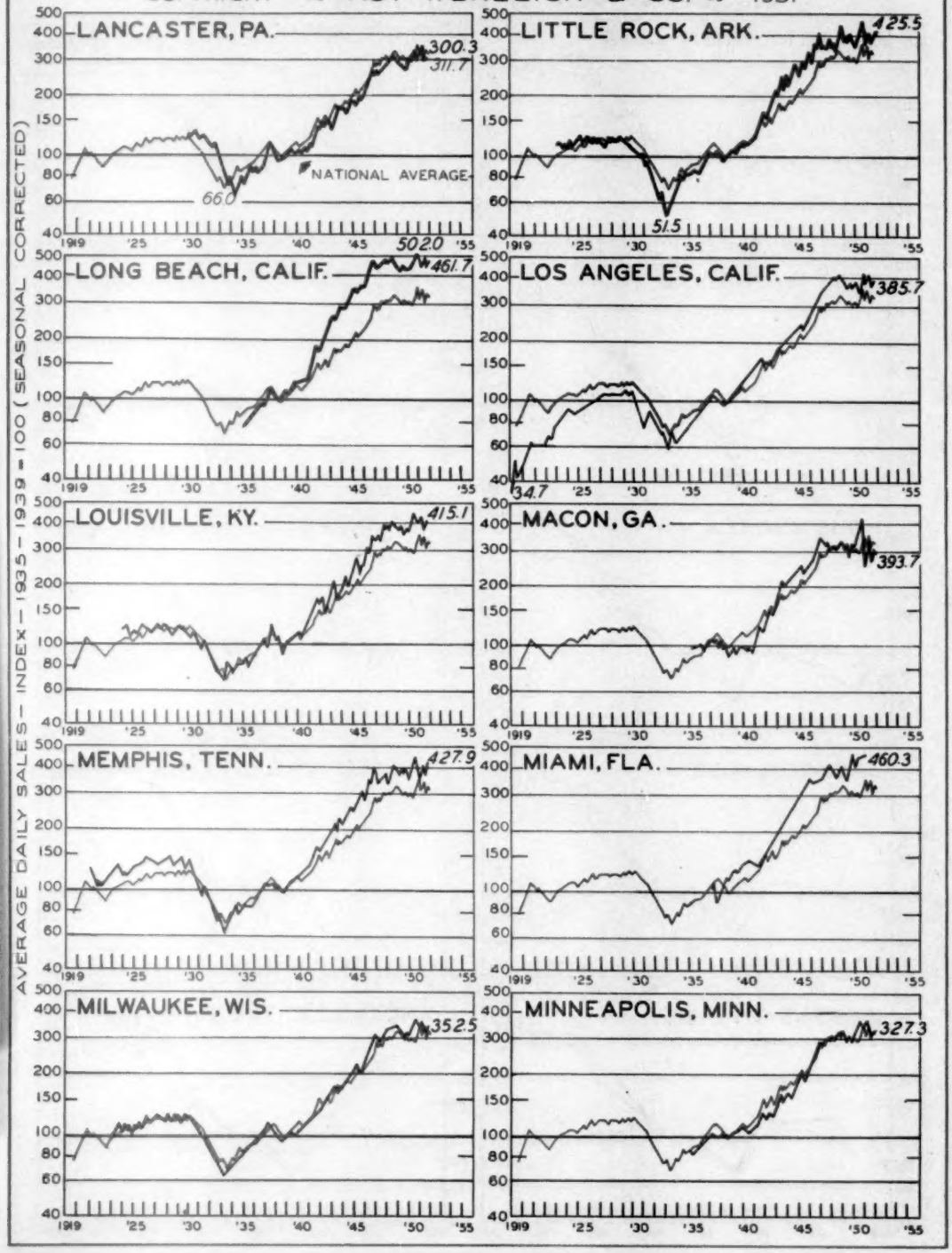

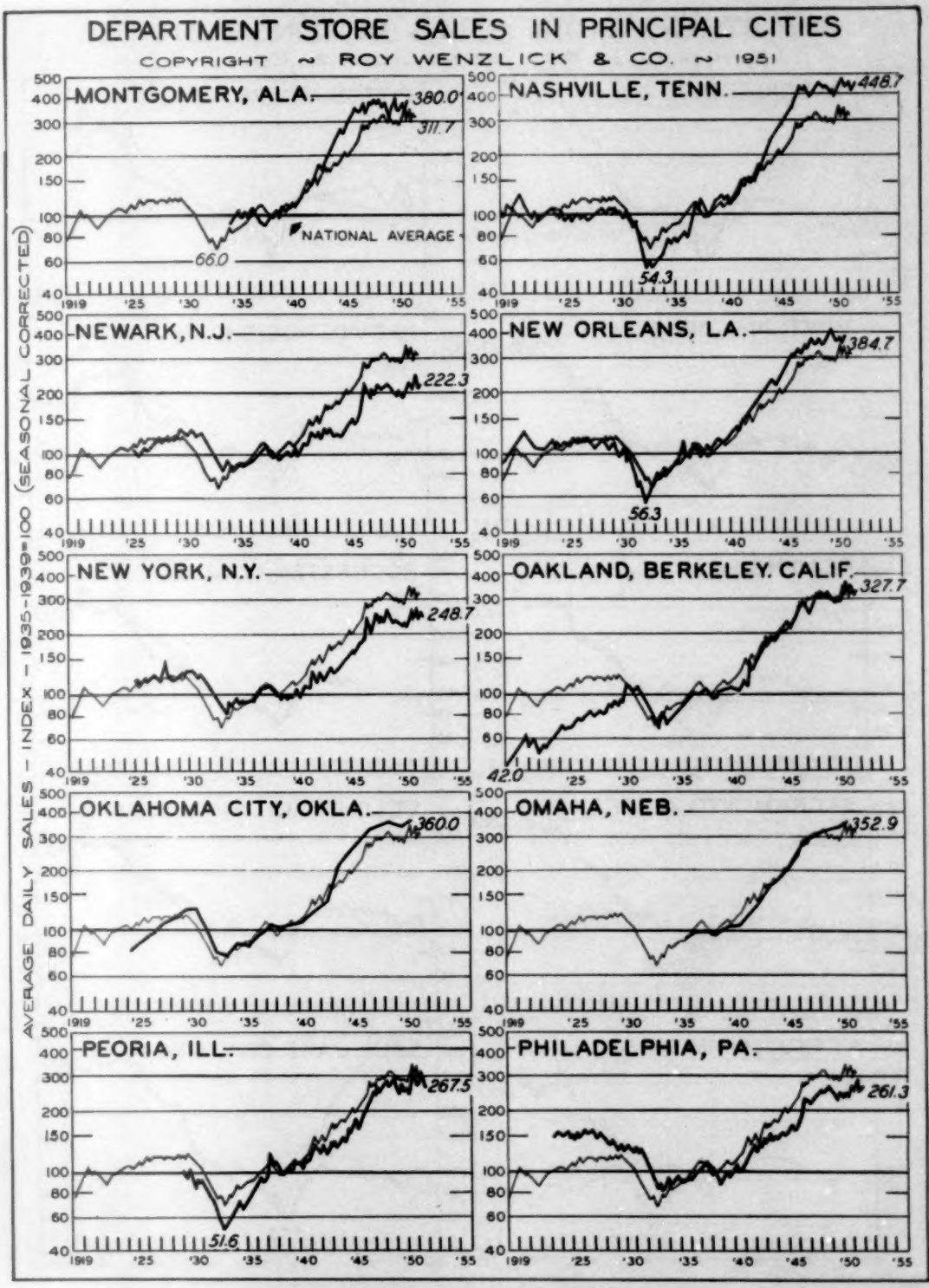
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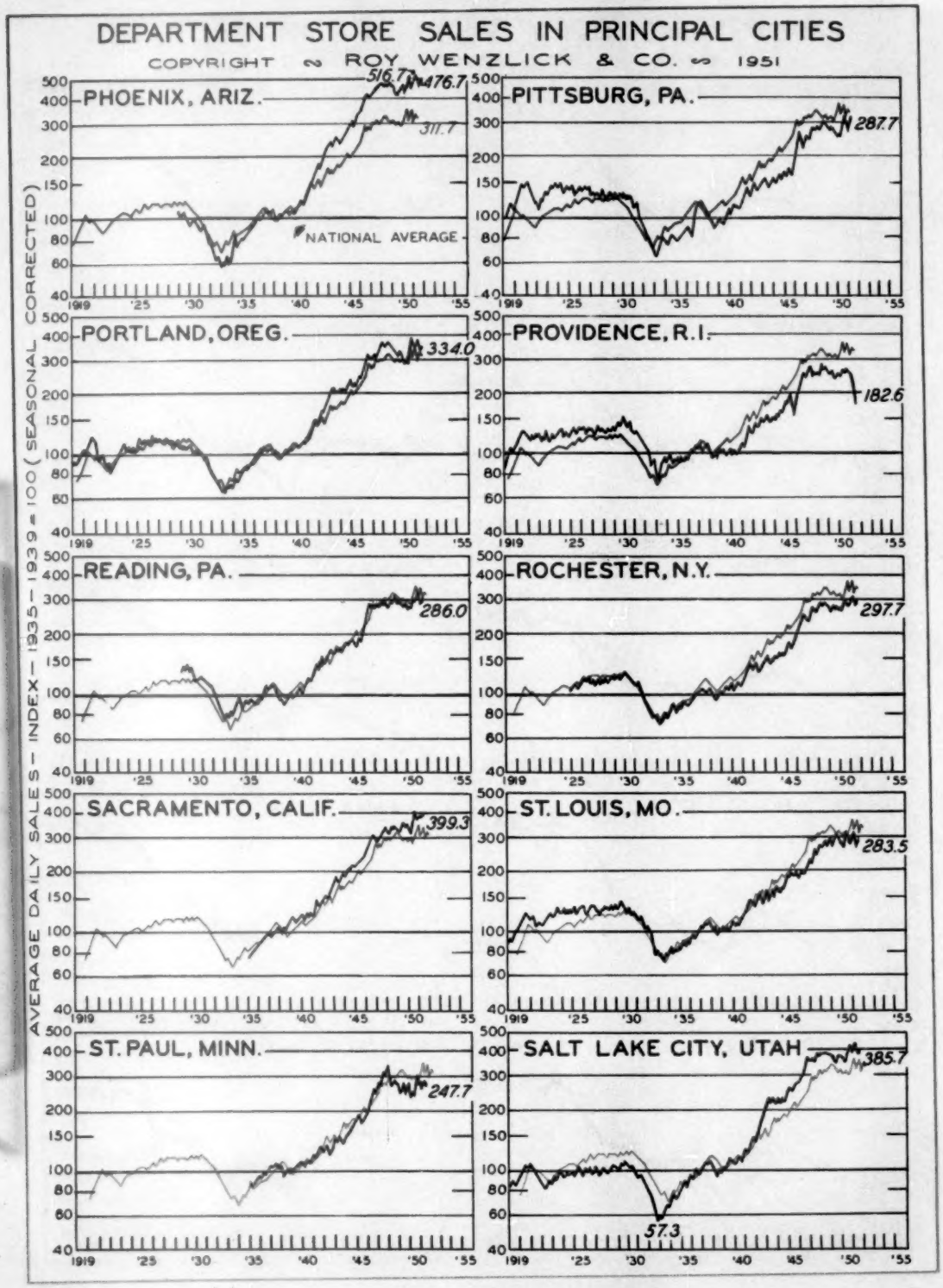
AVERAGE DAILY SALES - INDEX - 1935-1939=100 (SEASONAL CORRECTED)
MONTGOMERY, ALA.
380.0
311.7
NATIONAL AVERAGE
66.0
NASHVILLE, TENN.
448.7
54.3
NEWARK, N.J.
222.3
NEW ORLEANS, LA.
384.7
56.3
NEW YORK, N.Y.
248.7
OAKLAND, BERKELEY, CALIF.
327.7
42.0
OKLAHOMA CITY, OKLA.
360.0
OMAHA, NEB.
352.9
PEORIA, ILL.
267.5
51.6
PHILADELPHIA, PA.
261.3
500
400
300
200
150
100
80
60
40
1919
'25
'30
'35
'40
'45
'50
'55


DEPARTMENT STORE SALES IN PRINCIPAL CITIES
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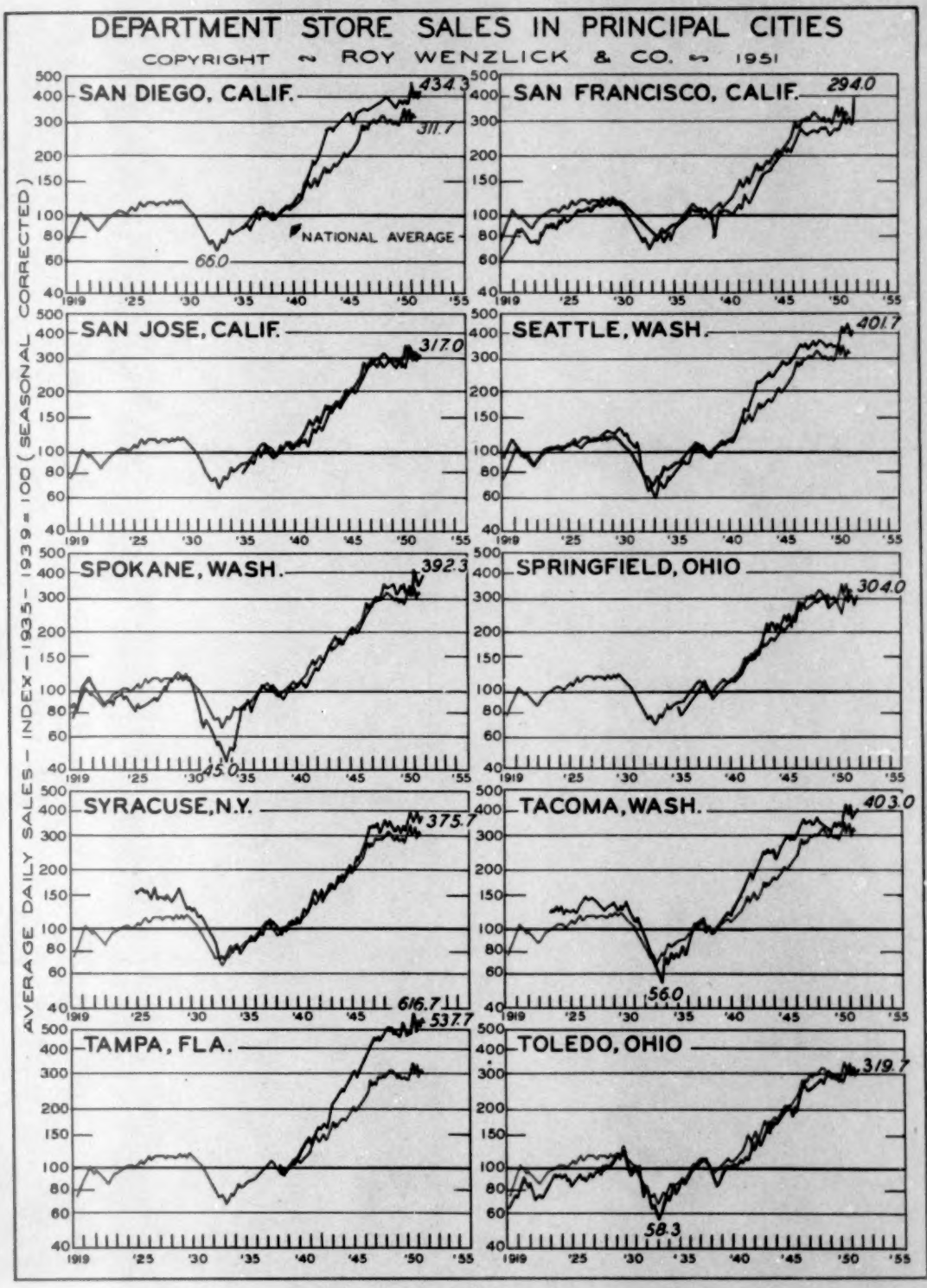
AVERAGE DAILY SALES — INDEX — 1935 — 1939 = 100 (SEASONAL CORRECTED)
PHOENIX, ARIZ.
516.7
476.7
311.7
NATIONAL AVERAGE
PITTSBURG, PA.
287.7
PORTLAND, OREG.
334.0
PROVIDENCE, R.I.
182.6
READING, PA.
286.0
ROCHESTER, N.Y.
297.7
SACRAMENTO, CALIF.
399.3
ST. LOUIS, MO.
283.5
ST. PAUL, MINN.
247.7
SALT LAKE CITY, UTAH
385.7
57.3
500
400
300
200
150
100
80
60
40
1919
'25
'30
'35
'40
'45
'50
'55


DEPARTMENT STORE SALES IN PRINCIPAL CITIES
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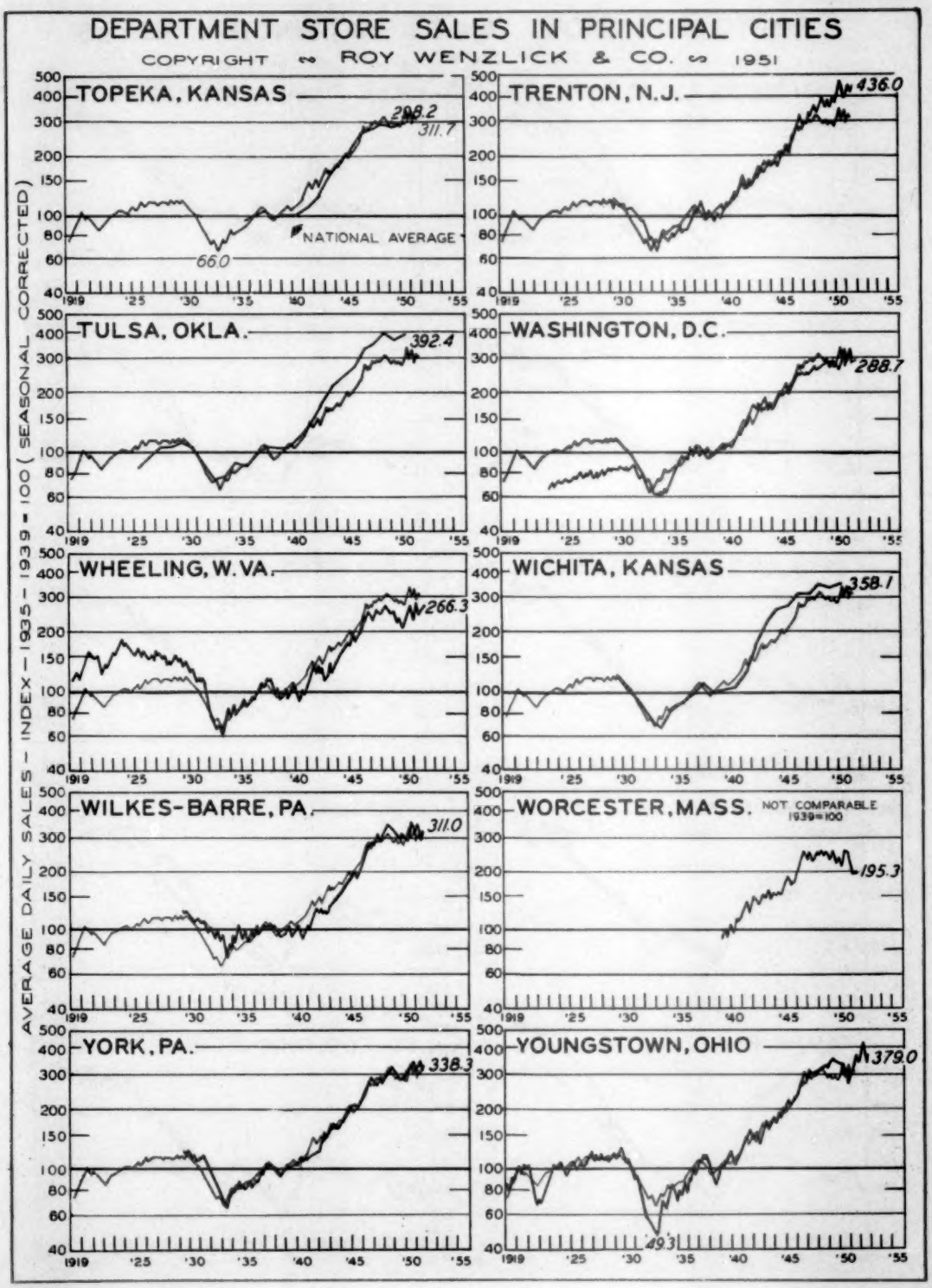
AVERAGE DAILY SALES - INDEX - 1935-1939 = 100 (SEASONAL CORRECTED)
SAN DIEGO, CALIF.
434.3
311.7
66.0
NATIONAL AVERAGE
SAN FRANCISCO, CALIF.
294.0
SAN JOSE, CALIF.
317.0
SEATTLE, WASH.
401.7
SPOKANE, WASH.
392.3
45.0
SPRINGFIELD, OHIO
304.0
SYRACUSE, N.Y.
375.7
616.7
537.7
TACOMA, WASH.
403.0
56.0
TAMPA, FLA.
TOLEDO, OHIO
319.7
58.3
1919
'25
'30
'35
'40
'45
'50
'55


DEPARTMENT STORE SALES IN PRINCIPAL CITIES
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AVERAGE DAILY SALES – INDEX – 1935 – 1939 = 100 (SEASONAL CORRECTED)
TOPEKA, KANSAS
298.2
311.7
66.0
NATIONAL AVERAGE
TRENTON, N.J.
436.0
TULSA, OKLA.
392.4
WASHINGTON, D.C.
288.7
WHEELING, W. VA.
266.3
WICHITA, KANSAS
358.1
WILKES-BARRE, PA.
311.0
WORCESTER, MASS.
NOT COMPARABLE 1939=100
195.3
YORK, PA.
338.3
YOUNGSTOWN, OHIO
379.0
49.3
500
400
300
200
150
100
80
60
40
1919
'25
'30
'35
'40
'45
'50
'55